



## FY2017-18

# UC BERKELEY BUDGET GUIDELINES AND ASSUMPTIONS

This document provides information specific to the FY2017-18 Budget Process and should be used in conjunction with the Budget Call Letter. It provides guidance to divisions including key dates, planning assumptions, contextual information, and links to helpful tools and resources.

As we continue to strengthen our budget cycle, optimize our strategies, and enhance our financial planning systems and tools, the campus is optimistic we are on a path to financial sustainability and maintenance.

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## I. Overview and Goals

The purpose of this document is to provide guidance for the FY2017-18 budget process, including key dates, planning assumptions, contextual information, and links to useful tools and resources. We hope it is helpful and welcome feedback and suggestions.

### a. Ongoing Working Assumptions

- Each division will be able to accomplish a divisional budget process that engages with unit leaders to clarify plans and establish targets for the FY18 Operating Budget.
- Divisions will continue to improve the quality and accuracy of budgets and forecasts. They will establish DeptID level budgets and adjust forecasts at the appropriate level, regularly monitor them against actual performance, and signal that action should be taken if actual performance is not as expected.
- Budgets and Forecasts will account for seasonality, if material, and will be based on accrual based accounting principles and timing.

### b. FY2017-18 Budget Process – Campus and Division Goals

- Fortify our financial strength
  - Implement a portfolio of revenue generating and cost containment initiatives to improve our financial position and prepare for potential exogenous shocks. Emphasize a culture of philanthropy.
- Manage data-informed decisions
  - Focus on the holistic trends presented by our budgets and variance analysis in comparison to actuals. Understand the implication of these trends, take appropriate actions and adjust budgets and plans accordingly, reducing the variance quarterly.
- Ensure our current resource allocations work harder
  - Strategy drives budget. Place a new focus on reallocation in this tight financial environment, so that our current assets work in the right places, and support strategic shifts and trade-offs.

These goals will be easily achievable for some divisions and more challenging for others. For divisions that already have well-defined budget processes, the goal will be to continue optimizing the alignment between strategy and resource allocation decisions.

The following illustrates the Office of the CFO's strategies for FY2017-18:

- Achieve financial strength
  - Align financial resources to campus strategy.
- Simplify processes
  - Standardize and simplify policies, business processes and internal controls for campus partner satisfaction, greater efficiency and compliance.
- Build a service oriented model of campus engagement
  - Engage campus partners through adoption, acceptance and satisfaction of applications, processes and tools.
- Leverage data for strategic decision making
  - Leverage and institutionalize financial, academic and human resources data sets for strategic decision making.
- Promote collaboration and professional development
  - Build and maintain a culture of collaboration and continuous professional development that supports accountability, engagement and opportunity.

### c. Changes and Refinements specific to the FY2017-18 Campus Budget Process and Systems

- CalPlan System Enhancements and Changes (more detailed information can be found on the CalPlanning website <http://calplanning.berkeley.edu/release-notes>).
- Changes to Forms
  - Faculty Permanent Budget Summary (Form A) – The partially pre-populated form will be distributed to the Divisional Financial Leaders (DFL) for completion as part of the Budget Template roll-out. The form will be uploaded upon return to the CalPlanning team.
- Focus on Operating Transfers
  - Divisions will need to reconcile Operating Transfers by account and period to ensure they net to zero where appropriate.
  - Inter-divisional transfers should be reconciled with the receiving/transferring division prior to entry into the system. Divisions should maintain a schedule of inter-divisional transfers that can be validated/referenced by the OCFO when reviewing budget and forecast submissions.
  - The Operating Transfers job aid can be accessed at <http://calplanning.berkeley.edu/getting-started/job-aids> under "General CalPlanning Job Aids."
- Budget Process Toolkit and Budget Template
  - The Toolkit represents recommended best practices that will help guide divisions in the development and implementation of a robust internal budget process. The Toolkit includes timelines, tactics, templates and other supporting materials that are easy to access and use. The Toolkit also serves as a reference and approach to working with units on campus during the budget process. The Toolkit is located electronically on the Google drive which can be accessed via bConnected on the [OCFO Google Drive](#). **Note: The Toolkit documents have not been updated to reflect dates specific to the FY2017-18 Budget process and will need to be updated by the user, if needed.**
  - The Budget Template is available to all divisions this year. Divisions are encouraged to evaluate and determine if they would like to use it as an optional tool for their internal budget process and planning. The Toolkit includes information about the template.
- Temporary Academic Support
  - The OCFO (including the Office of Planning & Analysis) introduced a new FY2017-18 interim model. Detailed information about this model will be distributed under separate cover.
- Timeline
  - The FY17 Forecast Q3 Submission and FY18 Operating Budget Planner Submission are due on May 5, 2017.
- Recharge
  - The annual recharge rate certification process has been integrated with the budget process and the terms of approved rates have been aligned with the fiscal year. Divisions will be provided with planning recharge rates to incorporate in their FY2017-18 planning, as appropriate. FY2016-17 approved Recharge rates approved as part of the FY2016-17 Operating Budget Process and can be found at <http://cfo.berkeley.edu/recharge>.

## II. Timeline

Each division needs to complete their FY17 Forecast and FY18 Operating Budget in HCP and CalPlan, and submit the Forms as part of their budget submission. Divisions should build internal timelines based on the campus deadlines.

	Time	Milestone	Level	Activity
General	1/17 and 1/20	Q2 in CalPlanning	Campus	1/17 December Actuals loaded to CalRptg. 1/20 December Actuals loaded to CalPlan and HCPRptg.
	Through 1/30	Update HCM	Division	Review and update records in HCM Position Management and Workforce Administration. This effort will minimize the work needed to update HCP after the refresh.
	2/1	Division Targets Set	Campus	Division targets will be set based on an agreed upon methodology.
	2/8	FY17 and FY18 in CalPlan	Campus	FY17 Forecast Snapshot taken and copied to FY18 Operating Budget. Users can plan and enter data for both years simultaneously.
	Jan-Mar	Training	Campus	Training and work sessions are offered.
	2/1-2/8	HCM to HCP	Campus CalPlan Blackout	HCP refresh after HCM January deadline.
	4/27	Q3 Variance Analysis	Division	Q3 variance analysis due.
	Through 5/5	Budget Preparation	Division	DFLs must review, synthesize, and present budgets to Dean/VC for approval. Dean/VC is ultimately responsible for ensuring the consolidated divisional budget in CalPlan and form submission is accurate, and links to their strategy and goals.
FY17 Forecast	2/8-5/5	Review and Update	Division	Update FY17 Forecast Revenues, Operating Transfers, Compensation and Non-Compensation Expenses, and Changes in Fund Balance.
	5/5	<b>Forecast Due</b>	<b>Division</b>	<b>Deadline for FY17 Forecast Q3 Submission.</b>
FY18 Operating Budget	2/8	FY18 Operating Budget Opens	Campus	Campus Support transfers are seeded. Compensation growth assumptions are built-in (see details on page 10).
	2/8-5/5	Review and Update	Division	Review Campus Support transfers for accuracy. Plan Revenues, Operating Transfers, Compensation and Non-Compensation Expenses, and Changes in Fund Balance.
	4/7	Templates (including Form A) due	Campus	DFLs return templates and Form A.
	2/24	Recharge	Division	Proposal for FY18 recharge rates are due.
	3/17	Recharge	Campus	OCFO sends FY18 provisional recharge rates to divisions.
	5/5	<b>Budget Due</b>	<b>Division</b>	<b>Deadline for FY18 Operating Budget Planner Submission, Strategic Plan, and Revenue Generation Plan. Email to <a href="mailto:dfi_concierge@berkeley.edu">dfi_concierge@berkeley.edu</a>.</b>
	May-Jun	Financial Review	Campus and Division	OCFO partners with campus leadership and divisions to conduct financial review.
	Jun-Jul	Budget Decisions	Campus	Campus finalizes and communicates the budget decisions. Financial Planning Analysis and Reporting will coordinate with divisions to incorporate needed high-level adjustments into CalPlan.

## III. General Budgeting Guidelines

While UC Berkeley remains challenged by the changing economics of higher education, we believe that with rigorous budgeting and financial management the campus will continue to thrive. Berkeley's process for determining resource allocations is evolving given the increased pressure on our resources. For the FY18 Operating Budget, divisions are expected to reallocate their own resources to help achieve their key strategic objectives and meet their budget reduction targets.

Divisions should bear the following principles in mind when budgeting:

- **DeptID** – A division's Forecast and Operating Budget should be fully planned at the DeptID (L7) level.
- **Account** – Material anticipated revenues, operating transfers, and expenditures should be budgeted in the Forecast and Operating Budget in the appropriate account or plan-account.

- **Fund** – A division’s Forecast and Operating Budget should be budgeted at the plan-fund level. Divisions are only required to plan Current Funds in CalPlan.
  - **Chartfield1** – Divisions have the ability to budget to any Chartfield1 (CF1) that is loaded in CalPlan. In general, the Forecast and Operating Budget should be budgeted at the C1 - Summary - Plan level unless planning to an individual CF1 will provide significant management value.
  - **All-Funds Budgeting** – Budgets should capture planned spending for each of the five Current Fund types. In general, divisions should plan to use dollars generated from gifts, endowments, and other restricted funds (in accordance with fund restrictions) before using unrestricted funds. Budgeted expenditures and ending fund balances in unrestricted vs. restricted funds will be among the metrics evaluated by the PBOs when reviewing their Forecast and Operating Budget.
  - **Consider Materiality** – The Forecast and Operating Budget are plans used to inform strategic decisions and should not be used to recreate actual activity dollar-for-dollar. FY18 Operating Budget entries and adjustments to your FY17 Forecast should only be included for summarized spending and specific initiatives that may impact strategic decisions within the division or will impact the ability for the campus to meet its financial goals.
  - **CalPlanning Plan-Account and Plan-Fund Mappings** – An Excel mapping tool for Accounts and Fund numbers allows for easy translation of current BFS Accounts and Fund numbers to their corresponding CalPlan Accounts and Fund numbers. Accounts and Funds that have been recently created or updated in BFS may not be available for look- this tool for up to 30 days. If you have any questions, please contact the CalPlanning Help Desk at [calplanhelp@berkeley.edu](mailto:calplanhelp@berkeley.edu). Account and Fund Mapping Files can be found in the CalPlan Job Aids section of the CalPlanning Job Aids page: <http://calplanning.berkeley.edu/getting-started/job-aids>.
  - **Level of Adjustments for Forecast** – As the FY17 Forecast will be used to inform strategic decisions, adjustments should be recorded at the appropriate level of the organization for which the decisions will need to be made or realized and where the fiscal responsibility lies (e.g. if fiscal responsibilities lies with the department manager who is located at the L4 or L5 level, then adjustments should be captured at that level).
  - **Adjusting for Seasonality for Forecast** – If material variances related to seasonality were identified in your Quarterly variance analysis, we expect each division to adjust their FY18 Forecast to account for that seasonality by quarter, in the most efficient way possible. Historical seasonality should be reviewed for appropriateness based on proper accounting treatment.
- Accrual Based Accounting** – Timing for the recognition of revenue and expenses should be based on when the revenue is earned and the expense is incurred (e.g., to the extent that tuition revenue is associated with a specific time period and/or crosses fiscal periods it should be accrued or deferred accordingly).

#### IV. Planning Assumptions and Table of Accounts

The OCFO recommends certain budget assumptions be used when budgeting in CalPlanning, unless a division has more specific information regarding their individual situation.

Below are central planning assumptions by major account categories. If no assumption is given, divisions should plan for known items and trends. The table does not include accounts that are for Central Use Only, or those which are no longer in use. When not certain of an account description, divisions may find it useful to refer to account long descriptions which are located at: <http://www.bai.berkeley.edu/BFS/BudgetGL/coaReportsDownload.htm>.

Category	Account Codes	Discussion
<b>General</b>		
Administrative Full Costing	Plan net amount in Sales and Services Revenue	Assume 9% assessment rate for sales and services revenues.
Philanthropic Assessment	Plan net amount in Private Gifts for Current Use	Assume 5% assessment rate for donor gifts received and 10.5% for research gifts.
Compensation Expenses	Academic/Staff Salaries and Wages	Assume 3% growth rate over FY2016-17 for faculty and staff salaries. No incremental funding for salaries or associated benefits will be provided for non-ladder-rank faculty or staff.
General inflation assumption	Non-Compensation Expenses	No inflation assumptions have been centrally built into the FY18 Operating Budget or Forecast for non-compensation expenses. Local knowledge should inform growth in non-compensation expenses.

## a. Revenues

### Net Tuition and Fees

Divisions are responsible for budgeting Miscellaneous Student Fees, Course Materials Fees, Professional Degree Supplemental Tuition Fees, Self-Supporting Graduate Professional Degree Program Fees, and other fees that are received by the division.

### Contracts and Grants Revenue

Contracts and Grants Revenue should be budgeted to appropriately offset expenses on the C&G fund layer. **The goal here is to show a \$0 change in net assets for the C&G fund group in a division's plan submission.**

### Private Gifts for Current Use

*440xx – Private Gifts for Current Use-Plan:* This plan-account is used to plan private gifts, including UC Berkeley Foundation (UCBF) endowment and Fund Functioning as an Endowment (FFE) annual payout.

For revenue planned in Private Gifts, which includes annual fund and other current use gifts, divisions should base their budgets on trend analysis and/or specific knowledge of anticipated gift payments (including outright gifts and pledge payments). Private gifts received by divisions should typically be planned for in the "Restricted Gift" Fund Type.

With respect to UCBF endowments and FFEs, DFLs may project a 0.5% increase in the FY2017-18 payout compared to FY2016-17 payout.

The growth assumption assumes that the division's UCBF endowment and FFE funds have not had any significant additions to, or invasions of, principal during the three years ending March 2017, and presumes no further market movement through March 2017. Divisions with funds that diverge from these assumptions in ways that will materially affect payout should adjust their projections in the FY18 Operating Budget accordingly.

UCBF's Investment Policy Statement can be found at

<http://www.berkeleyendowment.org/wp-content/uploads/Investment-Statement-Policy-revised-Feb-20151.pdf>.

### Investment Income

This revenue category primarily accounts for Short Term Investment Pool (STIP) earnings, which is analogous to interest earned on the campus' pooled cash balances. Under current campus policy, almost all STIP earned on positive cash balances is income to the center, therefore, most divisions will not enter budgets in these accounts. Divisions that have one or more funds that earn a material amount of STIP under an exception to the policy (e.g., certain Federal grants) should plan for it here. Note that endowment income payout is not budgeted to the units here; instead either a transfer account 72210 (Regents) or gift revenue account 440xx (UCBF) is used.

### Non-Operating Revenue

In general, these accounts are used by central units only or they are not relevant for divisions' planning in Current Funds. One exception is Student Affairs, which may plan for Federal Pell grants in this revenue category. Other divisions should seek guidance from OCFO before planning in this area.

Category	Account Codes	Discussion
<b>Total Revenue</b>		
Net Tuition and Fees	<ul style="list-style-type: none"> <li>• 404XX - SS &amp; Special Programs Rev - Plan</li> <li>• 4050X - Other Student Fees - Plan</li> <li>• 4053X - Professional Degree Fees - Plan</li> <li>• 4055X - Self-Supporting Degree Program - Plan</li> <li>• 4056X - Other Fees - Plan</li> <li>• 407XX - UNEX – Plan</li> </ul>	<p>Revenue estimates should be based on target enrollments and approved fees for each eligible program.</p> <p>May plan for increase of PDST fees as proposed by the President, to a maximum of 5% (where applicable), and for not-yet-approved SSGDP fee increases (to a maximum of 5%) if divisions believe approval is likely. Otherwise, consider contingency plans for how any unapproved programs or fee increases will be addressed.</p>
Contracts and Grants	<ul style="list-style-type: none"> <li>• 412XX - State Contracts &amp; Grants - Plan</li> <li>• 42XXX - Federal Contracts &amp; Grants - Direct - Plan</li> <li>• 441XX - Private Contract &amp; Grants – Plan</li> <li>• 45XXX – Other Contracts &amp; Grants Activity – Plan</li> </ul>	
Private Gifts for Current Use	<ul style="list-style-type: none"> <li>• 440XX - Private Gifts for Current Use – Plan</li> </ul>	UCBF Endowments/FFEs payout growth assumption: 0.5%. The amounts included here should be net of the philanthropic assessment (5% or 10.5% depending on the type of fund).
Investment Income	<ul style="list-style-type: none"> <li>• 49210 - STIP Investment Income</li> <li>• 492XX - Investment Income – Plan</li> </ul>	
Sales and Services of Educational Activities	<ul style="list-style-type: none"> <li>• 46XXX - Sales Services &amp; Other Income – Plan</li> <li>• 47XXX - Sales &amp; Services of Auxiliary - Plan</li> <li>• 47010 - Food Sales/Services</li> <li>• 47020 - Telecomm Svcs to Students</li> <li>• 47030 - Books/Merchandise Sales</li> <li>• 47040 - Ticket Sales-Auxiliary Activit</li> <li>• 47041 - ESP Benefit Revenue</li> <li>• 47060 - Revenue-Sharing Revenues</li> <li>• 47061 - Off-Site Game Rev (Guarantees)</li> <li>• 47070 - Media Revenues-Auxiliary Activ</li> <li>• 47090 - Other Marketing Revenues</li> <li>• 47100 - Camp Fees</li> <li>• 47110 - Parking Revenues-UC Related</li> <li>• 47900 - Rental of Real Property-Aux</li> <li>• 47980 - Sls/Svcs Auxil-Contra-Finl Aid</li> <li>• 47999 - Misc Sls &amp; Svcs of Auxiliary</li> <li>• 47000 - Residence Fees</li> <li>• 48XXX - Other Income – Plan</li> </ul>	Local knowledge should inform growth in Sales & Services of Educational Activity revenues. Amounts should be planned net of the 9% AFC rate.
Non-Operating Revenue	<ul style="list-style-type: none"> <li>• 49080 - Federal Pell Grants</li> <li>• 493XX - Disposal of CapAssets NetofPro - Plan</li> <li>• 495XX - Nonoperating Rev/Exp-Other – Plan</li> </ul>	Division use may include Federal Pell Grants.

## b. Operating Transfers

### Operating Transfers

Operating Transfers reflect transfers of a variety of resources (i.e. campus, divisional, and departmental). For divisional planners, it is important to ensure the 73xxx, 74xxx, and 75xxx net to zero at the appropriate levels. More information may be found in the Job Aid under "General CalPlanning References" (see page 3).

### Campus Support 71XXX

Campus Support reflects estimated transfers of central campus resources. Planning for these accounts will be done by the OCFO. These amounts are for planning purposes only. Note that campus support commitments in CalPlan represent a plan for projected resource transfers and are not necessarily guaranteed commitments.



**Permanently Budgeted Faculty Funding (Form A)**

**71110 General Allocation, 71304 Benefits Support, and 71314 Faculty Merits/Promotions**

- **Hires and Separations** – This information will be provided to the OCFO via the Form A in the budget template. The Form A will need to be filled out by the DFL for all separations and hires.
- **Merits/Promotions/ Range Adjustment** – Divisions will need to fill out the changes of salaries and benefits related to FY2017-18 merits and promotions on the Form A as part of the budget template. The 3% range adjustment and incremental benefits are calculated on the Form A.

**Temporary Academic Support 71220**

Divisions received their allocation letter decisions in January, which provided an early commitment of resources, and were based on the new interim model. The model included a formulaic component to the distribution of campus TAS Allocations, and combined Temporary Academic Support, Upper Division Impaction, and Common Good Curriculum.

Category	Account Codes	Discussion
Operating Transfers	<ul style="list-style-type: none"> <li>• Operating Transfers – Plan</li> </ul>	
Campus Support	<ul style="list-style-type: none"> <li>• 71XXX (Central Use Only)</li> </ul>	<p><b>FY17 Forecast</b>                      71110 General Allocation – FY17 Jul-Jan Actuals are loaded.                      712xx and 714xx – FY17 Commitments Database amounts are loaded.                      713xx – FY17 Jul-Jan Actuals and Form A projected amounts are loaded.</p> <p><b>FY18 Operating Budget</b>                      71110 General Allocation</p> <ul style="list-style-type: none"> <li>• Dec Permbudg of the centrally managed funds is loaded. For a fund list, please refer to the Centrally Managed Funds section at <a href="http://cfo.berkeley.edu/budgetprocess">http://cfo.berkeley.edu/budgetprocess</a>. Planners can run the <i>Permbudg Ledger Summary Report</i> for details.</li> <li>• The account will be updated based on Form A submissions and budget decisions, if applicable.</li> </ul> <p>712xx, 714xx Campus Support – FY18 Commitments Database amounts are loaded.</p> <ul style="list-style-type: none"> <li>• These accounts reflect commitments and assessments (e.g., start-up, block grant, temporary academic support, etc.). They are not all guaranteed for funding, and may require further review by the OCFO. The details can be found in the divisional folders on <a href="#">OCFO Google Drive</a>.</li> </ul> <p>71290</p> <ul style="list-style-type: none"> <li>• UCOP allocations in 71290 are based on FY17 actuals and Permbudg</li> </ul> <p>713xx                      Operating transfers in this series reflect planning assumptions for salary and benefit adjustments from Form A</p>
External Transfers	<ul style="list-style-type: none"> <li>• A72110 - Inter-Location Xfr (Rev)</li> <li>• A72115 - Inter-Location Xfr (Fund Bal)</li> <li>• InterLocation Transfers - Plan</li> <li>• 72210 - Regents Endow/FFE Payout</li> <li>• 72295 - Other Transfers</li> </ul>	<p>External Transfer accounts are used to designate a flow of resources that originates from elsewhere in the UC system, generally from UCOP or one of the other UC campuses. Planned transfers are not going to be copied from FY17 Forecast, except for account 72210 – <i>Regents Endow/FFE Payout</i>. Divisions should input budgets into other 72XXX accounts if any material transfers are anticipated.</p> <p><b>72210 - Regents Endow/FFE Payout –</b>                      FY17 Forecast reflects Actuals and will be copied to FY18 Operating Budget. Once copied, the OCFO suggests planning for a 3.8% increase in the FY18 payout compared to FY17 for most endowments.</p>
To/From Other Divisions	<ul style="list-style-type: none"> <li>• 73110 - Summer Session/UNEX Rev Share</li> <li>• 73120 - Academic/Research Awards</li> </ul>	<p>Transfers in this series should net to zero by account at the campus level. Planned transfers will be copied from the FY17 Forecast to FY18 Operating Budget.</p> <p><b>Divisions should review and coordinate with other divisions to ensure both giving and receiving sides are recorded.</b></p>

Category	Account Codes	Discussion
	<ul style="list-style-type: none"> <li>• 73130 - Personnel Awards &amp; Training</li> <li>• 73140 - Work-study Funding</li> <li>• 73150 - Gift Fee Distribution</li> <li>• 73201 - InterDiv - Initial Transfers</li> <li>• 73205 - InterDiv - Vice-Chanc Support</li> <li>• 73295 - InterDiv - Other Xfer Btwn Divs</li> </ul>	
Internal DIVISION Transfers	<ul style="list-style-type: none"> <li>• 74101 - Div - Initial Transfers</li> <li>• 74110 - Div - Block Grant</li> <li>• 74120 - Div - Temp Acad Support</li> <li>• 74130 - Div - Faculty Start-up</li> <li>• 74140 - Div - Faculty Retention</li> <li>• 74150 - Div - Salary Support</li> <li>• 74155 - Div - Benefits Support</li> <li>• 74160 - Div - Personnel Actions</li> <li>• 74180 - Div - Sweeps/Withdrawals</li> <li>• 74195 - Div - Other Dean/AVC Support</li> <li>• 74295 - Div - Other Internal Xfr</li> </ul>	<p><b>Transfers in this series should net to zero by account and period at the division (L3) level.</b></p> <p>They are most often transfers of funding from the division (L3) leadership level (usually a VC or Dean) to units within their organization.</p>
Internal DEPARTMENT Transfers	<ul style="list-style-type: none"> <li>• 75101 - Dept - Initial Transfers</li> <li>• 75195 - Dept - Other Internal Xfr</li> </ul>	<p><b>Transfers in this series should net to zero by account and period at the Department (L4) level. A few exceptions may exist in some divisions. Please contact your PBO if any questions.</b></p> <p>Planned transfers will <u>not</u> be copied from the FY17 Forecast to FY18 Operating Budget. Planners can use the Internal Operating Transfers Management Form to balance between receiving and giving DeptIDs.</p> <p><i>75101 –</i> OCFO will load Dec Permbudg of non-centrally managed funds in FY18 Operating Budget. Planners can run the <i>Permbudg Ledger Summary Report</i> for details.</p>

**c. Compensation Expenses**

Compensation is budgeted in HCP. In FY2017-18, the OCFO will continue to provide salary and benefit adjustments for filled ladder-rank faculty positions and divisions will need to continue to absorb non-ladder-rank faculty and staff salaries, and associated benefits costs.

**Academic and Staff Salaries and Wages**

The HCP update should include a review of individual and shared/pooled positions, including FTE, salary, chart string distribution, effective dates, and ending dates. If divisions are funding new positions internally, they should add the new positions to HCP along with expected salary expenses. Based on the Form A information, divisions should plan accordingly for permanent budget faculty compensation expenses.

**FY2017-18 Compensation Growth Assumptions**

Compensation expenses in the HCP FY18 Operating Budget will reflect the following growth assumptions, as determined by position effective dates, salary-type, and cost increase category. The Salary Adjustment growth percentages are high-level planning assumptions that represent predicted Cost-of-Living increases and/or Merit Programs.

Salary Adjustment Type	Growth Assumption
Salary Adjustment for Teaching Faculty	3%
Salary Adjustment for Non-Teaching Faculty	3%
Salary Adjustment for Staff	3%

### Fringe Benefits

UC Berkeley has set Composite Benefit Rates (CBRs) to cover employee benefits for all divisions. Starting in FY14, the CBR structure and content changed significantly. Details may be found at <http://cfo.berkeley.edu/composite-benefit-rates-facilitiesadministrative-costs>.

CBRs are calculated automatically in HCP based on the four CBR groups indicated below. The U.S. Department of Health and Human Services has approved the FY2016-17 rates. Rates beyond FY2016-17 are based on estimated cost increases and are provided for planning purposes only. FY2017-18 CBR projections will be loaded into HCP. Due to the complexity of the programming, BELI codes are not included in the HCP calculation.

UC Berkeley Composite Benefit Rates					
CBR Rate Group	Approved	Projections for Planning Purposes ----->			
	FY17	FY18	FY19	FY20	FY21
Academic	39.0%	40.0%	40.0%	40.0%	40.0%
Staff	46.0%	48.0%	48.0%	48.0%	48.0%
Limited	17.0%	19.0%	19.0%	19.0%	19.0%
Students (Grad and Undergrad)	0.0%	0.0%	0.0%	0.0%	0.0%

Category	Account Codes	Discussion
<b>Total Expenses</b>		
<b>Total Compensation</b>		
Academic Salaries and Wages	<ul style="list-style-type: none"> <li>• 50240 - Acad Teach-Regular (Default)</li> <li>• 50242 - Acad Teach-Limited Benefits</li> <li>• 50241 - Acad Teach-Exempt from CBR</li> <li>• 50215 - Acad Nonteach-Regular (Default)</li> <li>• 50212 - Acad Nonteach-Limited Benefits</li> <li>• 50211 - Acad Nonteach-Exempt from CBR</li> </ul>	Salary growth assumptions will be loaded into HCP.
Staff Salaries and Wages	<ul style="list-style-type: none"> <li>• 51029 - Work Study</li> <li>• 51210 - Staff-Non student</li> <li>• 51231 - Staff-Exempt from CBR</li> <li>• 51232 - Staff-Limited Benefits</li> </ul>	Salary growth assumptions will be loaded into HCP.
Other Employee Compensation	<ul style="list-style-type: none"> <li>• 520XX - Other Employee Compensation – Plan</li> </ul>	No inflation assumptions have been centrally built-in.
Fringe Benefits	<ul style="list-style-type: none"> <li>• 53060 - Benefit Assess-Acad Regular</li> <li>• 53070 - Benefit Assess-Staff Regular</li> <li>• 53080 - Benefit Assessment - Limited</li> <li>• 53XXX - Fringe Benefits - Plan</li> <li>• 57310 - General &amp; Empl Liability Insur</li> </ul>	Composite Benefit Rates will be loaded into HCP.  For FY18, assume 1.0% for GAEL

### d. Non-Compensation Expenses

Divisions should budget material expenditures in the appropriate non-compensation accounts and plan-accounts. No inflation assumptions have been centrally built into the FY18 Operating Budget for non-compensation expenses. Local knowledge should inform growth. Additional context for some expense types is provided below.

#### Scholarships and Fellowships

Funding and responsibility for Berkeley's expenditures in support of financial aid and scholarships are broadly distributed throughout the campus. CalPlanning expense budgets for Scholarships and Fellowships should only reflect local plans for financial aid expenditures that will be recorded using each division's chart strings (L7 DeptIDs). Divisions should budget for spending on locally held donor scholarships, financial aid expenditures for many professional programs, stipends or scholarship payments supported by endowed chairs, or other funds (restricted or unrestricted) that are held in the Departments, etc.

Divisions should not budget for financial aid expenditures that occur outside of their DeptIDs in CalPlanning. This includes financial aid provided for undergraduate students through Financial Aid and Scholarships Office – FASO and graduate students support from Block Grants or other funds held or managed by the Graduate Division.

### Recharge Expenses

Recharge units are required to submit proposed FY2017-18 rates by 2/24/2017. The OCFO will provide DFLs with a table of proposed FY2017-18 recharge rates by 3/17/2017. These rates should be used for planning purposes. Final, approved rates (effective July 1, 2017) will be published on the OCFO website.

DFLs are responsible for researching and identifying the extent to which their division pays for Recharge services.

More information about Recharge activity, including a list of Recharge Units, services provided and current rates, can be found on the OCFO website at <http://cfo.berkeley.edu/recharge>.

### Depreciation

Divisions do not record net depreciation expense and therefore should not plan for depreciation expense in CalPlan. Recharge units record both depreciation expense and an equal and offsetting depreciation expense credit in the Actuals ledger (Actuals accounts 54251 and 54252). Since these net to zero, there is no budget impact. Only the transfer of resources from the recharge fund to the Reserve for Renewal and Replacement should be planned in CalPlan, if material. (See Changes in Fund Balance: To/From Plant Funds, page 13)

Category	Account Codes	Discussion
<b>Total Expenses</b>		
<b>Total Non-Compensation</b>		
Supplies, Materials and Equipment	<ul style="list-style-type: none"> <li>• 550XX - General Supplies – Plan</li> <li>• 5501X - Laboratory Supplies – Plan</li> <li>• 55049 - Dining Service Supplies</li> <li>• 54XXX - Equipment &gt;\$5K - Plan</li> <li>• 55XXX - Equipment&lt;\$5K – Plan</li> </ul>	
Scholarships and Fellowships	<ul style="list-style-type: none"> <li>• 574XX - Undergraduate – Plan</li> <li>• 5741X - Grad Scholarships &amp; Fellowships - Plan</li> <li>• 5380X - Fee Remission - Plan</li> <li>• 5745X - Other Prizes &amp; Awards - Plan</li> <li>• 57490 - Scholarship Allowance Contra</li> </ul>	Fee remission is planned via HCP pooled positions for GSIs and GSRs.
Indirect Cost Recovery	<ul style="list-style-type: none"> <li>• 579XX - Indirect Cost Recovery – Plan</li> </ul>	
Recharge Income	<ul style="list-style-type: none"> <li>• 59000 - Recharge Income</li> <li>• 59010 - Recharge-Systemwide Assessment</li> </ul>	
Contract and Grants Sub Awards	<ul style="list-style-type: none"> <li>• 5780X - C&amp;G Sub Awards – Plan</li> <li>• 5781X - Non UC Contracts - Plan</li> <li>• 5782X - C&amp;G Intercampus Expenditures – Plan</li> </ul>	
Services	<ul style="list-style-type: none"> <li>• 560XX - Comp Service &amp; Software – Plan</li> <li>• 561XX - Communications - Plan</li> <li>• 562XX - Maint Contract &amp; Services - Plan</li> <li>• 564XX - Publications &amp; Media - Plan</li> <li>• 565XX - Transportation - Plan</li> <li>• 566XX - Other Services - Non Computer – Plan</li> <li>• <del>56637 - CSS Assessment</del></li> <li>• 56638 - Cleaning Services</li> <li>• 56610 - Advertising: Fed Chargeable</li> <li>• 56611 - Advertising - Fed Unchargeable</li> </ul>	The CSS Assessment calculation was removed in FY17 and will not be applied in FY18.
Rents and Utilities	<ul style="list-style-type: none"> <li>• 5631X - Space Rental – Plan</li> <li>• 5632X - Equipment Rental - Plan</li> <li>• 5634X - Utilities - Plan</li> <li>• 5639X - Contra Rent &amp; Utilities – Plan</li> </ul>	

Category	Account Codes	Discussion
Travel	<ul style="list-style-type: none"> <li>• 572XX - Travel – Plan</li> </ul>	
Miscellaneous	<ul style="list-style-type: none"> <li>• 5671X - Participant Support – Plan</li> <li>• 5672X - Other Non-Employee - Plan</li> <li>• 56720 - Consultant Fees</li> <li>• 56723 - Student Accommodations</li> <li>• 56724 - Temporary Labor</li> <li>• 5700X - Conf-Mtgs-Training-Events - Plan</li> <li>• 570XX - Entertainment - Plan</li> <li>• 5730X - Miscellaneous Expenses - Plan</li> <li>• 5731X - Insurance - Plan</li> <li>• 5733X - Other Fees &amp; Fines - Plan</li> <li>• 5734X - Non Compensation Payments - Plan</li> <li>• 5735X - Other - Plan</li> <li>• 5736X - Agency - Plan</li> <li>• 5737X - Cost of Goods Sold - Plan</li> <li>• 5739X - Expenditure ,Fiscal Cl, C+G Def Clr - Plan</li> <li>• 577XX - Nonoper Misc Deductions – Plan</li> </ul>	<p>Two accounts may cause confusion and examples of when to use which are as follows:</p> <p>56720 Consultant Fees occur when a division pays a consulting firm for services, such as evaluating an existing IT system, implementing a new system, or evaluating organizational structure and giving recommendations for improvement.</p> <p>56724 Temporary Labor cost occurs when a division hires a temporary employee (from a temporary agency) to fill in an existing position or to work on a project.</p>

**e. Changes in Fund Balance**

In our fund accounting environment, 3XXXX series transfers are unusual since they are made between the Current Fund group and other fund groups (e.g., Plant or Agency), or between UC Berkeley and other UC locations. Generally, they are used to record specific activities that are not properly part of a division’s in-year operating results and are therefore “below the line”. By excluding these items from a division’s operating surplus or deficit, we have a better picture of whether the division is operating above or below their means, excluding certain unusual one-time activities.

Divisions are only required to plan for the Current Funds side of fund balance transfers in CalPlan. Fund balance transfers will not be copied from the FY17 Forecast to the FY18 Operating Budget. Divisions should budget for fund balance transfers in accordance with the instructions below.

Category	Account Codes	Discussion
<b>Changes in Fund Balance</b>		
To/Fr Regents Endowment Pool	<ul style="list-style-type: none"> <li>• 34231 - (To)/Fr Rgnts Endow - FFE Principal – Plan</li> </ul>	<p>Planned contributions to FFE from available current fund balances, as well as withdrawals from FFE principal, should be budgeted in this account and the appropriate plan-fund. In rare occasions, units return a portion of the payout from true endowments to principal. If a division is anticipating a material transfer of this kind, the division would plan for it here in this account.</p> <p>Note that new gifts to endowed funds are booked directly with the Regents or UCBF and are therefore not planned for by divisions in CalPlan.</p>
To/From Plant Funds	<ul style="list-style-type: none"> <li>• 33100 - (To)/Fr Retire of Indebt - Exter Debt Srvc – Plan</li> <li>• 34010 - (To)/Fr Unexp Plant Fund - Cap Projects - Plan</li> <li>• 34039 - (To)/Fr Res for Renewal &amp; Replacement - Plan</li> <li>• 34XXX - Plant Other – Plan</li> </ul>	<p><b>33100</b> – Divisions should use this account to plan for the aggregate flow of money for debt service in FY18.</p> <p><b>34010</b> – This account should be used to budget the outflow of equity contributions for capital projects in FY18. Divisions should not include plans for new Capital Projects requiring central contributions until approved by Capital Projects.</p> <p><b>34039</b> – This account should be used to plan for contributions to, or withdrawals from, Reserves for Renewal and Replacement. The use of this account is primarily for recharge funds.</p> <p><b>34XXX</b> – This account should be used in the event a material change has occurred in an account not listed above. Divisions should seek guidance prior to account use.</p>

Category	Account Codes	Discussion
To/From All Other Fund Balance	<ul style="list-style-type: none"> <li>All Other Fund Balance Changes – Plan</li> <li>Prior Year Adj - Plan</li> </ul>	In general, use of these plan-accounts is restricted to the OCFO. Divisions should seek guidance before planning fund balance transfers in any of these accounts.

## V. Capital Budget Process Overview

There are no central resources available for divisions' capital improvements in FY2017-18. All central resources are being directed to support the annual campus Capital Renewal Program (CRP). The revised Capital Renewal [website](#) offers current information regarding the Capital Renewal strategic plan, how to engage your Regional Manager for renewal priorities, and how to initiate a [condition survey](#). To find out who your regional manager is, please refer to the [Campus Regional Manager Map](#). For information about how to plan for and initiate your division-funded Capital Projects go to <http://realestate.berkeley.edu/initiate-project-or-initiate-project-study>. Please note that the all capital projects require formal administrative approvals at the campus, Office of the President, or Regental level. For capital projects with a projected value of over \$1 million, divisions are encouraged to consult with the Real Estate office for guidance on the approvals process.